

**BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA**

Docket No. 2012-207-C

In the Matter of the Application of)
)
ExteNet Systems, Inc.)
For a Certificate of Public Convenience)
and Necessity to Provide Resold and)
Facilities-Based Local Exchange and)
Interexchange Telecommunication Services)
in the State of South Carolina, and for)
Flexible Regulation and for Alternative)
Regulation)

TESTIMONY OF TERRY RAY

ON BEHALF OF

EXTENET SYSTEMS, INC.

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 **A.** My name is Terry Ray. My business address is 3030 Warrenville Rd, Suite 340, Lisle,
3 IL 60532.

4 **Q. BY WHOM AND IN WHAT CAPACITY ARE YOU EMPLOYED?**

5 **A.** I am the Vice President-Strategic Business Initiatives at ExteNet Systems, Inc.
6 (“ExteNet” of “Company”) and have been employed in that capacity since December
7 2012. Previously, I was Vice President and CFO dating back to August 2004.

8 **Q. PLEASE DESCRIBE YOUR WORK EXPERIENCE.**

9 **A.** I am a senior financial and operating executive, with experience in the technology,
10 graphics and food manufacturing industries. Throughout my finance career, I have been
11 involved in strategic development as well as mergers and acquisitions. I joined ExteNet
12 Systems from On-Cor Frozen Foods, Inc., where I was Vice President of Finance and
13 Operations. Prior to that, I was President and Chief Financial Officer of Rittal
14 Corporation, the US subsidiary of the Rittal Group, a privately held electronics
15 enclosure manufacturer based in Germany. Prior to Rittal, I was Chief Financial Officer
16 of the Enclosure Systems Division of Flextronics International, Ltd. I came to
17 Flextronics through the company’s acquisition of Lightning Manufacturing Solutions,
18 where I was Chief Administrative Officer and Chief Financial Officer. I have also held
19 senior executive, operational and financial positions in the printing and graphics
20 industries. I hold BA and MS degrees from DePaul University.

21 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

22 **A.** The purpose of my testimony is to support the Application of ExteNet for a Certificate
23 of Public Convenience and Necessity to Provide Resold and Facilities-Based Local

1 Exchange and Interexchange Telecommunications Services, and for Flexible and
2 Alternative Regulation in South Carolina. My testimony specifically relates to
3 ExteNet's managerial, financial, and technical ability to provide the
4 telecommunications services for which authority is requested, and ExteNet's
5 compliance with the rules and policies of this Commission.

6 **Q. ARE ALL OF THE STATEMENTS IN EXTENET'S APPLICATION**
7 **CORRECT AND TRUE TO THE BEST OF YOUR KNOWLEDGE,**
8 **INFORMATION, AND BELIEF?**

9 A. Yes.

10 **Q. DO YOU WISH TO INCORPORATE BY REFERENCE ANY DOCUMENTS**
11 **INTO THIS TESTIMONY?**

12 A. Yes. I wish to incorporate, by reference, ExteNet's underlying Application filed in this
13 proceeding and Exhibits A-E attached.

14 **Q. HAS ANYTHING OCCURRED SINCE EXTENET'S APPLICATION WAS**
15 **FILED THAT MATERIALLY CHANGES THE REPRESENTATIONS**
16 **THEREIN?**

17 A. No.

18 **Q. HAS EXTENET REGISTERED TO DO BUSINESS IN SOUTH CAROLINA?**

19 A. Yes. A copy of the Certificate of Authorization to transact business in South Carolina
20 was attached to the Application as **Exhibit B**.

21 **Q. PLEASE DESCRIBE THE CORPORATE STRUCTURE OF EXTENET.**

1 A. ExteNet is a corporation organized and existing under and by virtue of the General
2 Corporation Law of the State of Delaware. A copy of the Articles of Incorporation and
3 Certificate of Good Standing were attached to the Application as **Exhibits A1 and A2.**

4 **Q. PLEASE DESCRIBE EXTENET’S OPERATIONAL HISTORY.**

5 A. ExteNet Systems, Inc. (f/k/a Clearlinx Network Corporation) was founded in October
6 2001 to construct, own and operate indoor and outdoor distributed antenna systems
7 (“DAS”), which provide fiber optic transport to fill in dead spots in the networks of
8 wireless service providers in the US and Canada. ExteNet is currently registered as a
9 telecommunications provider (*e.g.* Competitive Local Exchange Carrier, Interexchange
10 Carrier, etc.) in 31 states and has operating DAS Networks in 15 states as well as
11 Montreal, Quebec, Canada. Currently, ExteNet has 100 employees throughout the
12 United States and Canada with the majority located at the company headquarters in
13 Lisle, IL.

14 **Q. DOES EXTENET HAVE THE TECHNICAL AND MANAGEMENT**
15 **CAPABILITY TO PROVIDE THE SERVICES FOR WHICH IT HAS APPLIED**
16 **FOR AUTHORITY?**

17 A. Yes, ExteNet is managerially and technically qualified to provide the proposed
18 telecommunications services in the State of South Carolina. Since it commenced
19 operations in 2001, it has been successfully providing non-switched dedicated Point-
20 To-Point Virtual Circuit (PVC) Transport Service on a wholesale basis to other carriers
21 via a Distributed Antenna System (“DAS”) network and now does so in 15 states as
22 well as Montreal, Quebec, Canada. ExteNet has not been denied requested certification
23 in any state, nor has any permit, license, or certificate been revoked by any authority.

1 ExteNet has the managerial qualifications to provide services in South Carolina.
2 Ross W. Manire, Chief Executive Officer, has over twenty years of experience in the
3 telecommunications and technology industry. Prior to joining ExteNet Mr. Manire was
4 the President of the Enclosure Systems Division of Flextronics International, Ltd., a
5 global operating company with design, engineering, manufacturing and logistics
6 operations in 29 countries with more than 95,000 employees. Oliver M. Valente,
7 Executive Vice President and Chief Operating Officer, is a senior telecommunications
8 industry executive with almost two decades of leadership experience in wireless and
9 wireline product development and innovation. A list of the Directors and Officers and
10 the biographies of the senior management of ExteNet were attached to ExteNet's
11 Application as **Exhibit D**.

12 **Q. IN WHAT OTHER STATES HAS EXTENET AUTHORIZED TO PROVIDE**
13 **TELECOMMUNICATIONS SERVICES?**

14 A. ExteNet is currently authorized to provide telecommunications services in the District
15 of Columbia and the following 30 states: Arizona, California, Colorado Connecticut,
16 Delaware, Florida, Georg, Hawaii, Illinois, Indiana, Kansas, Louisiana, Massachusetts,
17 Maryland, Michigan, Minnesota, Missouri, North Carolina, New Mexico, Nevada, New
18 York, Ohio, Oregon, Pennsylvania, Rhode Island, Texas, Utah, Virginia, Washington
19 and Wisconsin.

20 **Q. DOES EXTENET CURRENTLY HAVE PENDING APPLICATIONS TO**
21 **PROVIDE SERVICE?**

22 A. Only in South Carolina at this time.

1 **Q. DOES EXTENET HAVE THE FINANCIAL CAPABILITY TO MANAGE THE**
2 **EXPANSION INTO THIS ADDITIONAL TERRITORY AND OPERATE IT**
3 **EFFECTIVELY?**

4 A. ExteNet has substantial experience in expanding its services, and we are well aware of
5 the financial and operational costs associated with the expansion into South Carolina.
6 ExteNet is financially capable of handling such costs with its existing operating cash
7 flow and existing cash balances. ExteNet's financial information was submitted with
8 its Application as Confidential **Exhibit C**. ExteNet has requested, and the Commission
9 has ordered, that this information be considered Confidential Information because it
10 contains private financial and business information.

11 **Q. PLEASE DESCRIBE THE TYPE OF SERVICES THAT EXTENET WILL**
12 **OFFER IN SOUTH CAROLINA.**

13 A. ExteNet will market its services primarily to other carriers. Specifically, ExteNet
14 intends to provide non-switched dedicated PVC Transport Service on a wholesale basis
15 to wireless services providers ("WSPs"). This will allow WSPs to improve their
16 coverage by filling in "dead spots" or to increase their capacity to provide services in
17 certain geographic areas. This service will be provided on fiber optic facilities through
18 a combination of our own network and facilities and services leased from existing
19 carriers and other suppliers. The Company currently does not offer switched voice
20 services or dial tone and will not provide service to any end user customer. ExteNet,
21 however, seeks the full range of resold and facilities-based local exchange and
22 interexchange authority so that it can have flexibility in provisioning its services in the

1 future. ExteNet will monitor and maintain a high level of control over its network on a
2 24-hours-a-day, 7-days-a-week basis.

3 **Q. PLEASE TELL US MORE ABOUT YOUR PROPOSED SERVICE OFFERING.**

4 A. The DAS network begins at the ExteNet Base Station. The WSPs are responsible for
5 providing or obtaining circuits to connect their networks to the ExteNet Base Station.
6 The ExteNet Base Station contains the Wireless Carriers' circuit terminating
7 equipment, known as a Base Transceiver Station, as well as ExteNet's multiplexers
8 and signal conversion equipment. The ExteNet equipment accepts a hand off of Radio
9 Frequency signals from wireless service providers and converts that traffic into optical
10 signals, which are transported via ExteNet's fiber optic facilities to one or more
11 remote locations, and then re-convert it back to an RF signal that is transmitted from
12 an antenna at the remote location. This network is bi-directional, and the same
13 components input an RF signal from an antenna at the remote location, convert it to an
14 optical signal, transport it on fiber optic facilities back to the Base Station, and then
15 re-convert it back to an RF signal that is handed off to WSP equipment located at the
16 Base Station.

17 **Q. DOES EXTENET SEEK STATEWIDE AUTHORITY?**

18 Yes, it does. The South Carolina Telephone Coalition ("Coalition") has intervened in
19 this docket and ExteNet has entered into a stipulation with respect to providing service
20 in rural areas. At this juncture, however, ExteNet is not asking the Commission to
21 make a determination regarding whether competition is in the public interest for rural
22 areas.

1 **Q. WHAT REGULATORY TREATMENT IS EXTENET SEEKING IN THIS**
2 **APPLICATION?**

3 A. ExteNet requests flexible regulation for its telecommunications services such as the
4 Commission granted in Order No. 98-165 in Docket No. 97-467-C. ExteNet
5 specifically requests that the Commission: (a) adopt for local exchange services a
6 competitive rate structure incorporating maximum rate levels with the flexibility for
7 rate adjustment below the maximum rate levels; and (b) presume that ExteNet's tariff
8 filings for local exchange services be valid upon filing, subject to the Commission's
9 authority, within thirty (30) days, to institute an investigation of such filings. At the
10 discretion of the Commission such filings may be suspended pending further order of
11 the Commission and any such filings may be subject to the same monitoring process as
12 the Commission applies to other, similarly situated carriers.

13 ExteNet further requests that the private line service offerings it plans to offer,
14 and any interexchange business services, consumer card services, or operator services
15 (except the type of calls capped by Order No. 2001-997 dated November 8, 2001), that
16 it might offer in the future be regulated pursuant to the procedures described and set
17 forth in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C, as modified by Order
18 No. 2001-997 in Docket No. 2000-407-C. Specifically, ExteNet requests that the
19 Commission: (a) remove the maximum rate tariff requirements for these services; (b)
20 presume that ExteNet's tariff filings for these services be valid upon filing unless the
21 Commission institutes an investigation of a particular filing within seven (7) days, in
22 which case the tariff filing will be suspended until further order of the Commission; and
23 (c) grant ExteNet the same treatment as other carriers who operate under alternative

1 regulation in connection with any future relaxation of the Commission’s reporting
2 requirements. Further, ExteNet commits to abide by all rules and regulations that are
3 deemed applicable to ExteNet.

4 **Q. DOES EXTENET SEEK WAIVER OF ANY REGULATIONS?**

5 A. Yes. Pursuant to 26 S.C. Regs. 103-610, ExteNet does not have an office in South
6 Carolina and, therefore, requests that it be allowed to keep all records required under
7 the rules at its principal offices in the State of Illinois. Otherwise, ExteNet would incur
8 additional expenses to maintain records and reports in an office in South Carolina.
9 ExteNet will maintain the required records and will make them available to the
10 Commission and ORS upon request. ExteNet also requests an exemption from any
11 record keeping rules or regulations that might require it to maintain its financial records
12 in conformance with the Uniform System of Accounts (“USOA”). The USOA was
13 developed by the Federal Communications Commission as a means of regulating
14 telecommunications companies subject to rate base regulation. As a competitive
15 carrier, ExteNet will not be subject to rate base regulation and therefore requests
16 Commission approval of ExteNet maintaining its books in accordance with Generally
17 Accepted Accounting Principals (“GAAP”). ExteNet requests a waiver of 26 S.C.
18 Regs. 103-612.2.3, the requirement to file operating maps with the Commission.
19 ExteNet intends to offer its services statewide. The waivers requested above have been
20 granted under similar situations, and ExteNet requests that the Commission provide it
21 similar treatment. Since ExteNet intend to offer voice services, it seeks a waiver of the
22 requirement of 26 S.C. Reg. 103-631 that it make arrangements for directories for its
23 customers. Finally, ExteNet does not intend to provide retail residential local exchange

1 services at the present time. The Company is aware of 26 S.C. Regs. 103-607's
2 requirement that a bond be posted if a Company offers residential local service. Should
3 our future plans change in regard to this service offering, we will comply with the bond
4 requirement.

5 **Q. HOW WILL EXTENET MARKET ITS SERVICES?**

6 A. ExteNet will market its services primarily through its sales force and direct sales with
7 carrier customers. In addition, ExteNet will market its services to hospitals, sports
8 venues and other owners and operators of large commercial real estate through direct
9 sales and various media and points of presence such as trade shows.

10 **Q. HOW WILL EXTENET HANDLE SERVICE, BILLING AND REPAIR**
11 **COMPLAINTS?**

12 A. ExteNet's toll-free number for customer service is (866) 892-5327. ExteNet's customer
13 service representatives will monitor calls to this number twenty-four hours a day, seven
14 days a week. The toll-free customer service number will be printed on each customer
15 provided bill. ExteNet customers enjoy a very high level of service quality. Our high
16 level of service to our customers is driven by our commitment to build and maintain the
17 finest network possible and by the reality of a competitive marketplace. If our network
18 is unreliable, we will lose customers because we operate in a competitive marketplace
19 in all of the communities we serve. As such, ExteNet will address any complaints
20 promptly. If a complaint cannot be resolved to a customer's satisfaction, ExteNet will
21 advise the customer of the right to file a complaint with the ORS or the Commission.

1 **Q. PLEASE PROVIDE THE NAME ADDRESS AND TELEPHONE NUMBER OF**
2 **THE PERSON THAT WILL SERVE AS THE CONTACT FOR COMPLAINT**
3 **RESOLUTION.**

4 A. Brian Kirk. Her/his telephone number is 630-505-3800 and can also be contacted by
5 e-mail at bkirk@extenetsystems.com

6 **Q. PLEASE DESCRIBE THE PROPOSED TARIFF FILED BY EXTENET.**

7 A. ExteNet attached to its Application as Exhibit E its proposed initial access services
8 tariff containing rates, terms, and conditions for the services proposed herein. To the
9 extent necessary, ExteNet will make all changes requested by the ORS or Commission
10 to bring its tariffs into compliance. ExteNet and its customers normally enter into long-
11 term contracts for its DAS networks.

12 **Q. HOW WILL THE PUBLIC INTEREST BE SERVED BY GRANTING**
13 **EXTENET'S APPLICATION?**

14 A. Granting this Application will promote the public interest by increasing competition in
15 the provision of telecommunications services in South Carolina. ExteNet's services
16 will help WSPs provide improved RF cellular and PCS coverage in areas with
17 challenging terrain and topology. ExteNet's facilities and services will allow WSPs to
18 provide improved coverage in support of mobile voice and data, broadband and access
19 to emergency services. Granting this Petition is in the public interest because it will
20 enhance competition, generating the benefits that result from competition, such as
21 customer choice, a more efficient, innovative, technologically advanced and diverse
22 telecommunications infrastructure, higher service quality and competitive prices in the
23 State of South Carolina.

1 **Q. WILL THE SERVICE YOUR COMPANY INTENDS TO PROVIDE MEET**
2 **THE SERVICE STANDARDS OF THE COMMISSION?**

3 A. Yes, ExteNet will meet the service standards of the Commission.

4 **Q. WILL GRANTING YOUR APPLICATION ADVERSELY IMPACT THE**
5 **AVAILABILITY OF AFFORDABLE LOCAL EXCHANGE SERVICE?**

6 A. No.

7 **Q. WILL YOUR COMPANY SUPPORT UNIVERSALLY AVAILABLE**
8 **TELEPHONE SERVICE AT AFFORDABLE RATES AS REQUIRED BY THE**
9 **COMMISSION?**

10 A. Yes.

11 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

12 A. Yes, it does.

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CERTIFICATE OF SERVICE

This is to certify that I, Toni C. Hawkins, a Paralegal with the law firm of Robinson, McFadden & Moore, P.C., have this day caused to be served upon the person(s) named below the **Testimony of Terry Ray on Behalf of ExteNet Systems, Inc.** in the foregoing matter by placing a copy of same in the United States Mail, postage prepaid, in an envelope addressed as follows:

Courtney D. Edwards, ORS Staff Attorney
1401 Main Street, Suite 900
Columbia, SC 29201

Margaret M. Fox, Esquire
McNair Law Firm, P.A.
P.O. Box 11390
Columbia, SC 29211

Dated at Columbia, South Carolina this 9th day of July, 2012.



Toni C. Hawkins